

Loan Agreement Rider Tracking Guidance

March 2023

Compliance of Tracking and Monitoring Published Loan Agreement Riders

Freddie Mac's loan documents use added riders to address unique issues associated with a property or borrower while maintaining standard core documents. These riders are critical to the proper administration of a loan and documentation of a borrower's obligations to the lender.

At times, these riders will require the borrower to actively report information to the lender or will restrict certain operations of the property. Freddie Mac expects the servicers to take the additional steps required by many of these riders to ensure that the condition of the collateral and the level of risk remain consistent with Freddie Mac's initial expectations.

The following table, the Loan Agreement Rider Tracking Guidance (Rider Tracker), lists the currently published riders used with the Freddie Mac Conventional and Seniors Housing loan agreements, and is available in the [Asset Management Reference section](#) of the Freddie Mac Multifamily website. The riders listed in the Rider Tracker are also available on the website for easy reference.

For each loan agreement rider, we have identified two key aspects that are critical to the servicer's administration of the loan. The Rider Tracker identifies riders that do either or both of the following:

- Contain additional conditions a servicer should consider when reviewing the loan during otherwise customary servicing.
- Require more active servicer follow-up and management during the loan term.

If a rider requires the servicer to actively monitor certain matters, we have included additional information in the Rider Tracker to help identify what the servicer should monitor and/or what constitutes sufficient monitoring.

Servicers should not rely on the guidance included in the Rider Tracker as definitive. When boarding a loan, it is critical the servicer reviews all relevant loan terms, including each rider attached to the loan documents, and understands the risks associated with the loan. It is not uncommon for modifications to the loan documents themselves or the standard riders to add or change a requirement for the servicer to flag or monitor a particular item that may not be included in the form document requirements.

Also, the Rider Tracker does not include riders used with Freddie Mac's Small Balance Loan (SBL) agreement. The SBL program has more standard loan terms, and there are only a few published riders associated with the loan agreement. However, the guidance addressed in this document is a good indication of Freddie Mac's expectations for similar issues arising on SBLs.

Updated January 23, 2023

| Number | Rider Classification | Name of Rider | Need for servicer to capture info when boarding (Y/N) | Need for servicer to perform some form of active ongoing monitoring or compliance (Y/N) | If ongoing monitoring/compliance is required, how/what should be updated/reported | Notes |
|--------|----------------------|---|---|---|---|---|
| 1. | Transfer Provisions | Conversion of Limited Partnership to LLC | N | N | | |
| 2. | Transfer Provisions | Non-Profit Managing GP Transfer – CA Welfare Exemption | N | N | | |
| 3. | Escrows & Reserves | Cooperative Borrower 1. Replacement Reserve Fund – Deferred; 2. Waiver of Monthly Deposits on Supplemental Loans 3. Unsecured Line of Credit 4. Financial Reports | N | N | | 1. If cooperative loan term is greater than 10 years, additional monitoring may be required for Replacement Reserve Fund 2.- 4. None |
| 4. | Escrow & Reserves | Debt Service Reserve | Y | Y | Monitor if there are specific release or trigger provisions in the rider | |
| 5. | Escrow & Reserves | Deferred Rate Cap Agreement and Reserve Fund | Y – rider and LA Section 1.03 | Y | | Section 1.03 and GFI rider impose standard 365-day due date in addition to unit turn replacements. |
| 6. | Escrow & Reserves | Ground Fault Interrupter - No Disbursement from Repair Reserve Fund | Y – LA Section 1.03 | Y | | |
| 7. | Escrow & Reserves | Lease-Up Debt Service Reserve | Y – rider and LA Section 1.03 | Y | Monitor Lease-Up as required | |
| 8. | Escrow & Reserves | Letter of Credit in Lieu of Imposition Reserve Fund Deposit | Y | Y | Ensure Letter of Credit is extended as necessary | Can apply for one or both of Insurance Premiums and Taxes |
| 9. | Escrow & Reserves | Radon | Y – LA Section 1.03 | Y | Monitor as any other repair reserve fund with the addition of radon requirements | Monitoring dates are located in the rider |
| 10. | Escrow & Reserves | Rate Cap Agreement and Rate Cap Agreement Reserve Fund | Y – rider and LA Section 1.03 | Y | Monitor for dates, expiration and counterparty requirements | |
| 11. | Escrow & Reserves | Rental Achievement | Y | Y | Active monitoring as required | |

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| 12. | Escrow & Reserves | Repair Reserve Fund Stab-Lok Inspection | Y – LA Section 1.03 | Y | Provide evidence of inspection and recommendations as a result of inspection | |
| 13. | Escrow & Reserves | Replacement Reserve Fund – Additional Deposits | Y – rider and LA Section 1.03 | Y | Draw request management and monitoring timing or other conditions | |
| 14. | Escrow & Reserves | Replacement Reserve Fund – Additional Deposits | Y – rider and LA Section 1.03 | Y | Draw request management and monitoring timing or other conditions | |
| 15. | Escrow & Reserves | Replacement Reserve Fund – Monthly Deposits Cap | Y – LA Section 1.03 | Y | Draw request management and monitoring timing or other conditions | |
| 16. | Escrow & Reserves | Required Capital Expenditures | Y | Y | Draw request/active monitoring of progress | |
| 17. | Escrow & Reserves | Section 8 Housing Assistance Payments Reserve | Y – rider and LA Section 1.03 | Y | Active monitoring of reserve requirements | |
| 18. | Miscellaneous | Existing Violations | Y | Y | | |
| 19. | Miscellaneous | Value Add Student Housing Debt Service Reserve | Y | Y | Monitor if there are specific release or trigger provisions in the rider | |
| 20. | Miscellaneous | Additional Provisions – Sale or Securitization of Loan | N | N | | |
| 21. | Miscellaneous | Age-Restricted Property | N | N | | |
| 22. | Miscellaneous | Aluminum Wiring | Y | N | | |
| 23. | Miscellaneous | Aluminum Wiring – Recourse | Y | N | | |
| 24. | Miscellaneous | Borrower Financial Information – Longer Reporting Periods | Y | N | | |
| 25. | Miscellaneous | Cash Management Agreement Rider | Y | N | No additional monitoring beyond the terms of the cash management agreement | |

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| 26. | Miscellaneous | Co-Borrowers (Loans \$20,000,000 and Under, Not TICs) | N | N | | |
| 27. | Miscellaneous | Co-Borrowers (Loans over \$20,000,000, Not TICs) | N | N | | |
| 28. | Miscellaneous | Condominium 100% Owned by Borrower | N | N | | |
| 29. | Miscellaneous | Condominium Partially Owned by Borrower | N | N | | |
| 30. | Miscellaneous | Condominium/Cooperative Conversion Restriction | N | N | | |
| 31. | Miscellaneous | Cooperation with Rating Agencies and Investors | N | N | | |
| 32. | Miscellaneous | Corporate Lease | Y | Y | Annual confirmation of borrower compliance | Borrower Certification is sufficient for annual compliance |
| 33. | Miscellaneous | Cross-Collateralized Transaction | Y | N | | |
| 34. | Miscellaneous | Existing Code Violations | Y | Y | Request updates from Borrower on status of having Violations removed of record. | |
| 35. | Miscellaneous | Floating Interest Rate Loan Prepayment – Modified Lockout Period | N | N | | |
| 36. | Miscellaneous | Florida, Maryland, or Virginia Amended and Restated Loan | N | N | | |
| 37. | Miscellaneous | Foreign Guarantor | N | N | | |
| 38. | Miscellaneous | Galvanized Steel Piping/ Polybutylene Piping | Y | N | | Follow up only required upon a hazard loss related to the piping |
| 39. | Miscellaneous | Galvanized Steel Piping/Polybutylene Piping – Recourse | Y | N | | Follow up only required upon a hazard loss related to piping |
| 40. | Miscellaneous | Green Improvements | Y | Y | | |
| 41. | Miscellaneous | Green Rebate | Y | Y | | |
| 42. | Miscellaneous | Incomplete or Illegible Housing Assistance Payment Contract | N | N | | |

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| 43. | Miscellaneous | Increased Unsecured Trade Debt | N | N | | |
| 44. | Miscellaneous | Independent Director | N | N | | |
| 45. | Miscellaneous | Lease-Up Transaction – Credit Enhancement Required | Y | Y | Monitor Lease-Up as required; ensure Letter of Credit is extended as necessary | |
| 46. | Miscellaneous | Lease-Up Transaction – No Credit Enhancement Required | Y | Y | Monitor Lease-Up as necessary | |
| 47. | Miscellaneous | Legal Non-Conforming Property | Y | N | | |
| 48. | Miscellaneous | Multiple Asset Entity | N | N | | |
| 49. | Miscellaneous | No Tax Returns Required from Guarantor | N | N | | |
| 50. | Miscellaneous | Partial Release of Unimproved Property | N | N | | |
| 51. | Miscellaneous | Preferred Equity | N | N | | |
| 52. | Miscellaneous | Prepaid Rents – Student Housing | N | N | | |
| 53. | Miscellaneous | Prepayment During Window Period After Defeasance | Y | N | | |
| 54. | Miscellaneous | Primary Access by Easement or Private Road | N | N | | |
| 55. | Miscellaneous | Property Not Separate Tax Parcel | Y | Y | Active monitoring as required | |
| 56. | Miscellaneous | Recycled Borrower – Co-Borrowers | N | N | | |
| 57. | Miscellaneous | Recycled Borrower – Multiple Entities Comprising Borrower | N | N | | |
| 58. | Miscellaneous | Recycled Borrower | N | N | | |
| 59. | Miscellaneous | Recycled SPE Equity Owner | N | N | | |
| 60. | Miscellaneous | Regulatory Agreements (Not Tax Credit Regulatory Agreements) | Y | Y | Active monitoring if there are specific dates or filings required | Borrower Certification is sufficient for annual compliance |

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| 61. | Miscellaneous | Reverse Tax-Deferred Exchange | Y | Y | Active monitoring as required | |
| 62. | Miscellaneous | Section 8 Housing Assistance Payments Contract | Y | Y | Active monitoring of contracts and dates | Borrower Certification is sufficient for annual compliance but contracts with servicers need to |
| 63. | Miscellaneous | Self-Management | N | N | The need to track is the same as tracking a management company | |
| 64. | Miscellaneous | Shared Amenities, Management Office, or Other Shared Facilities | N | N | | |
| 65. | Miscellaneous | Short-Term Leases | Y | Y | Annual confirmation of borrower compliance | Borrower certification is sufficient for annual compliance |
| 66. | Miscellaneous | Single Purpose Entity Borrower (Loans \$20,000,000 and Under) | N | N | | |
| 67. | Miscellaneous | Splitting the Note | N | N | | |
| 68. | Miscellaneous | Stab-Lok Breakers – Non-Recourse | Y | N | Follow up only required upon a hazard loss related to Stab-Lok breakers | |
| 69. | Miscellaneous | Stab-Lok Breakers - Recourse | Y | N | Follow up only required upon a hazard loss related to Stab-Lok breakers | |
| 70. | Miscellaneous | Subordinate Debt | Y | N | | |
| 71. | Miscellaneous | Supplemental Financing Requirements for Increased LTV | N | N | | |
| 72. | Miscellaneous | Tax Abatement or Exemption – Borrower to Apply | Y | Y | Active follow up on the application | |
| 73. | Miscellaneous | Tax Abatement or Exemption – Final Certificate of Eligibility | Y | Y | Monitor for dates, expirations, and counterparty requirements | |

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| 74. | Miscellaneous | Tax Abatement or Exemption | Y | Y | Active follow up only if there are specific dates or filings required | Borrower certification is sufficient for annual compliance |
| 75. | Miscellaneous | Tax Credit Property | Y | Y | Active monitoring of tax credit compliance | |
| 76. | Miscellaneous | Tenancy in Common Borrower (Loans \$20,000,000 and Under) | N | N | | |
| 77. | Miscellaneous | Tenancy in Common Borrower (Loans Over \$20,000,000) | N | N | | |
| 78. | Miscellaneous | Termite or Wood Damaging Insect Control | N | N | | Issues of potential/actual damage will be picked up at inspection |
| 79. | Miscellaneous | Trade Names | N | N | | |
| 80. | Miscellaneous | Value-Add Transaction | Y | Y | Monitor value add conditions as required | |
| 81. | Senior Housing | Acuity Mix Conversion | Y | Y | Upon annual inspection, check compliance with mix | Borrower certification and/ or confirmation at annual inspection is acceptable |
| 82. | Seniors Housing | Excess Professional Liability or Umbrella Liability Coverage Shortfall | N | N | | |
| 83. | Seniors Housing | Governmental Payor Programs | Y | Y | Upon annual inspection or upon annual financial review, check compliance with mix | Borrower certification and/ or confirmation at annual inspection is acceptable |
| 84. | Seniors Housing | Insurance Claims History | Y | Y | Ensure ongoing reporting compliance | Borrower certification is acceptable |
| 85. | Seniors Housing | Operating Lease | Y | Y | Ensure ongoing reporting compliance | Borrower certification is acceptable |
| 86. | Seniors Housing | Respite Care | Y | Y | | |

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| 87. | Ground Lease | Ground Lease Mortgage | Y | Y | | |
| 88. | Manufactured Housing | Manufactured Housing | Y | Y | | |
| 89. | Manufactured Housing | Private Facility | Y | Y | Active monitoring as required | |
| 90. | Manufactured Housing | Tenant Protections | Y | Y | Annual confirmation of borrower compliance | |
| 91. | Preservation Rehab | Repair Reserve Funds Preservation Rehab | Y | Y | Monitoring performance subject to terms and due dates | |
| 92. | Preservation Rehab | Equity Bridge Loan Debt Preservation Rehab | Y | Y | Monitoring performance subject to terms and due dates | |
| 93. | Preservation Rehab | Pledge of Equity Investor Capital Contributions Preservation Rehab | Y | Y | Monitoring performance subject to terms and due dates | |